

The strategic implications of sustainability in strategy textbooks

ABSTRACT

Underlying every strategic management textbook are numerous assumptions about the nature of the economic system, society and the environment. One assumption that seems saliently absent from management textbooks is sustainability. In view of the detailed critique of the design of the MBA set out in Bubna-Litic and Benn (2003) it is likely that a systematic study of strategy textbooks will reveal other similar omissions. This study analyses a number of strategy textbooks exploring how they engage with questions of sustainability. The findings show that although the increase in the ethical self-consciousness of environmental economics is visible, so too is a narrow view of sustainability.

Keywords: Sustainability; Teaching strategic management; Management curriculum/Textbooks; Ethical education

PAPER TEXT

This paper reports on the preliminary results of a study which examine how sustainability and related issues are addressed in leading textbooks on strategy. Strategy textbooks predominantly emphasize a set of modus operandi or practices as to how managers should go about making sense of the world and, for many graduate management students, the predominant textbook view is the only exposure they may get of the strategy literature. The impact of strategy textbooks on the way managers think and act in the world is not well researched; however, our experience, in working with managers and post-graduate students, suggests that this impact is significant. Given that strategy textbooks set out an approach to determining the decision priorities for a corporation, it follows that this will have direct bearing on the sense of urgency for sustainable change.

A key limitation of textbooks in general is that they cannot possibly encompass the size and diversity of all the relevant literatures in their field. Textbook writers deal with this dilemma, by providing a simplified version of a literature which can be rendered comprehensible for a wider readership of relatively novice readers, as is the case with the MBA. Textbooks also tend towards mimetic replication rather than providing distinctive accounts of the literature. Levitt and Nass (1989:203) found empirical support for a moderate degree of homogeneity among texts in general, results which confirm statistically

what others have suggested impressionistically: 'Textbooks in each discipline tend to be significantly homogeneous with respect to the ordering of contents and topics.' The significance of this is under-researched, as is the processes by which writers determine what aspects of the literature a particular genre of textbook emphasises.

As suggested earlier, there is a critical nexus between strategic thinking and practices, and strategy textbook writers, in this context, play a significant role in shaping the way the strategic management is understood. Hendry (2000) highlights the importance of strategy as a social practice. The role of textbooks in the discourse which constructs management practices is not well researched, but conceivably arises through the seemingly minor micro-technologies, models, and conceptual lenses which the textbook privileges. These strategic practices powerfully embed themselves into the taken-for-granted assumptions that graduate students carry across into their roles as managers in the social organisation of commerce. If questions of sustainability are downplayed or omitted, then this has some serious implications for the long term capacity of the business sector to address environmental issues.

The nature of strategy textbooks reflect the context in which they are written, which is primarily graduate business school education. Bubna-Litic and Benn (2003) discuss the historical assumptions that influenced the development of the contemporary MBA and how its original vocational orientation and identity with the culture of modernity have affected its purvey particularly in terms of the type of content and modes of teaching. One common assumption they addressed was the belief that disciplines are built on paradigmatic foundations of non-contested knowledge and change, when it occurs, is mainly at the periphery. The strategy literature is an area in which the disciplines of economics and other social sciences overlap and is characterised by debates which subtended disciplinary assumptions. As an explanation of such underlying differences requires some depth of knowledge of the disciplines, which Keen (2001) suggests, in economics, often only occurs at the post-graduate or even post-doctoral levels. A lack of attention to the plurality of voices in management education in general has been pointed out by Gilbert Jr. (2003), who reminds us of management's historical place in American social relations, as well

as its active interventions in social discourse where it has, at times, influenced what voices get a say, and what voices do not.

Management textbooks writers (Cameron, Ireland, Lussier, New and Robbins, 2003) in conformance with a modern epistemology assume the role of trustees of management knowledge and regard the role of textbooks as being to report “established” knowledge and discard material which does not survive the test of time. This self-appointed role is arguably conferred by the market because only “good” texts are recommended by other academics. Cameron quotes himself in Cameron et al. (2003) pointing out the danger of this logic, when he observes that many best selling books derive their popular appeal utilising ‘the common formula of recounting anecdotal incidents or successful organizations and well-known managers.’ (Whetten & Cameron, 2002: 3) Cameron et al. (2003) defend the charge of ‘management textbooks as propaganda’, a somewhat ambiguous metaphor, on the basis the authority of their textbooks lies on a solid foundation of academic research. In this sense, these authors of textbooks regard themselves as constrained by the management literature. Yet the central role of the textbook in management education, reveals a set of strategically critical practices that are maintained by a powerful group —textbook writers — whose actions according to Levitt and Nass (1989) tends towards institutionalized isomorphism which develop through coercive, mimetic, and normative sources. The factor may also explain why textbook writers self-limit their expression of concerns about the literature as discussed in Cameron et al. (2003).

The place of sustainability in thinking about strategy

To understand the size and extent of the environmental problems facing the globe requires understanding a complex array of interrelated factors including: global warming; pollution; degradation of freshwater resources, oceans and fisheries; loss of biodiversity; destructive land use, loss of tropical forests and ozone depletion. It is not easy to find a comprehensive analysis of the state of the world. The environmental literature in general is cautious about making definitive statements on the cumulative

impact of changes in the world's environmental situation; however, generalized concerns are widely expressed, for example McMichael (2008: 58) in reviewing the Brundtland Commission's 1987 seminal report 'Our Common Future' concluded:

Today, the ongoing growth of the global population and—with economic development and rising consumer expectations—the increasingly great environmental impact of that population means that we may be less than one generation away from exhausting much of the biosphere's environmental buffering capacity. Unless we can constrain our excessive demands on the natural world, the demographic and epidemiological transitions (faltering in some regions) will be further affected and human fulfilment will thus be eroded.

Business plays a key role in any sustainable solution, and in the forward to the Worldwatch Institutes 'State of the World 2008' report Daniel Esty made the following statement about business strategy: 'The logic of making the environment a core element of corporate strategy seems straightforward. No company or industry today can afford to ignore energy costs, pollution issues, and other environmental challenges.'

Clearly, sustainable issues are strategic issues. Were strategic texts to omit a full and detailed exploration of the potential impacts of issues such as global warming, population growth, habitat destruction, toxicity, this would not be a trivial omission, but rather represents a major oversight. Moreover, given the claims by strategic writers about strategies an implicit contradiction in the conception and understanding of strategy. Issues related to sustainability will ubiquitously affect companies in a range of industries, in somewhat predictable ways.

REVIEW METHOD

We contacted several major textbooks publishers and asked them about the relative market share of their strategy textbooks and we were informed that textbook sales figures are not publicly available. We decided to use a snowball search process to determine a basket of best-selling texts. Each publisher sent

us a one or two copy of their most popular strategy textbooks and we decided to include some Australian textbooks. We were not concerned as much to have the ten best selling texts, but rather a representative basket which covered some alternative but significant boutique texts. For the purposes of this paper, only the five texts with the most significant findings will be addressed.

A content analysis was performed on the textbooks. The textbooks were coded according to two dimensions: sustainability and environment and social responsibility. The table of contents and index were scanned for these two key terms. If any references were made, the associated pages and chapters were scanned and uploaded into NVivo for analysis. The rest of the textbook was skimmed page by page for any additional mentions of the terms in case they were not explicitly referred to in the contents or index (Campbell and Schram, 1995). These pages were also scanned and uploaded for analysis. All mentions of the key words were included even if on closer examination they were not made in reference to the ecosystem or environmental sustainability to demonstrate the contexts in which these terms are employed. Table 1 presents the data from the content analysis.

Table 1: Data from the Content Analysis

Given the lack of material directly addressing sustainability the content was also subjected to an interpretative analysis reviewing meaning of sustainability issues from the context of the overall text, focusing on the content of each text rather than content elements.

This expanded approach examined how each text made sense of sustainability in relation to how they made sense of strategy as, arguably the sense-making of each concept would be highly related. For example, Strategy is about the medium to long term future of a corporation and the consensus regarding sustainability is that many of key aspects of human environmental degradation will begin to have impacts in the medium term (5-10 years), with some major impacts occurring in the next 25 years unless there is a

significant change in current behaviour. This interpretive approach to the text material relating to the meaning of strategy increased the complexity; however, given the far reaching impacts of the ecological environment, it followed logically that sustainability should be addressed as a strategic issue of some consequence. To keep this second interpretive review of the usage of strategy manageable we used the following key questions as a general guide:

- 1. How does sustainability relate to their conception of the environmental context of the firm?*
- 2. What is the view set out in the text regarding the relative importance of sustainability in the context of strategic choice?*

SUSTAINABILITY IN STRATEGY TEXTBOOKS

Johnson, G., Scholes, K., Whittington, R. (2005). Exploring Corporate Strategy-Text and Cases, Prentice-Hall.

In their introduction, Johnson, Scholes and Whittington (2005: 6) explain that ‘Strategy is likely to be concerned with the long-term direction of an organisation.’ Whilst Johnson et al. (2005) mention a number of environmental issues, such household chemical safety, and they explore scenarios for the UK energy industries along the lines of ecological modernization including new ‘green’ technologies to radical new forms of energy, it is clear that sustainability is a background issue. The sense of their discussion is fits with Milne, Kearns and Walton (2006) use of the journey metaphor regarding sustainability in business discourse, and it fits well with their critique of a journey without a destination. At no point in the text is there a discussion of any of the major implications of climate change or overpopulation. Interestingly, this may related to a deeper issue which relates to ongoing debates about the nature of strategic change. The event horizon in all their case studies in the text is limited to a period of, at most, 20 years, and more usually the student is simply presented with detailed retrospective data over the past five years with little or no data which would be useful for long term scenario development.

If the case study material implicitly takes a short-term viewpoint from data which is retrospective rather than prospective this suggestive of a contradiction in the praxis of strategy is evident in its own texts. The problem of prediction lies at the hub of these debates and in the section on scenario planning, the example on the UK energy industries correspondingly appears out of touch in the light of recent developments in global energy market, particularly the rising price of oil.

Chapter four introduces students to notions of governance and corporate social responsibility. Exemplifying the metaphor of the journey without a destination dimension which Milne et al., (2006) suggested of sustainability in business discourse, in regard to 'Environmental issues' there is a correspondingly lack of sense of urgency, for example, Johnson et al., (2005:193) end a discussion of corporate social responsibility in the form of a question: 'Should organisations be responsible for... 'reducing pollution levels to below legal standards if competitors are not doing so? OR... energy conservation?' The view that emerges from the stories about strategy woven into the text is that sustainability is an ethical choice and not an imperative.

Hill, C.W., Jones, G.R. & Galvin, P. (2006). Strategic Management: An integrated approach. Wiley.

Hill, Jones and Galvin (2007) initially present sustainability purely in an economic sense: to ensure an organisation's prosperity in the long run. Although stating that these objectives follow a strategic analysis of the both the internal and external environments, the natural environment is not integrated with any analysis elsewhere in the text. Sustainability is later introduced as a consideration in evaluating strategy performance or as a marketing exercise, viz. The Body Shop case, which is seen instrumentally, and demonstrates how 'a citizenship-type strategy of CSR can offer tangible rewards such as improved financial results as well as in tangible rewards, such as outstanding reputations.(p.50).' The triple-bottom line key to alternative approaches to shareholder orientations, yet its benefits are ultimately measured by how this translates into financial benefit and a means of managing and measuring accountability to a broader set of stakeholders, particularly when sustainability provides a source of competitive differentiation.

The promise of raising environmental consciousness through triple bottom line reporting, despite being introduced late in the text is diluted. The authors note the importance of a concern for natural capital through the statement, 'Natural capital appears limitless in the short term because those resources decay very slowly. Most companies thus use this natural capital as if it is limitless, but it is not.' Having deferred the serious consideration of natural limits in the analysis of strategy where they play down debates on core strategic theories, when they finally come to introduce triple bottom line, Hill et al (2007:377) do so pointing out that there is "little universal agreement" on the interpretation of triple bottom line and that there are difficulties in calculating the costs of ecological degradation. There is a subtle shift to a dialectic style of writing which is in contrast to their discussion of key strategic concepts which must raise doubts in the reader as to the veracity of environmental sustainability concerns in the formulation of strategy

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Hanson, D., Dowling, P., Hitt, M.A., Ireland, R.D. & Hoskisson, R.E. (2002). Strategic Management: Competitiveness and globalization (Pacific Rim Edition). Thomson.

Sustainability is not addressed directly, nor discussed as a concept by the authors. We have assumed that 'concern for the environment' is how Hanson, et al. (2002) relate to sustainability in their text. 'Concerns about the environment' is positioned in the socio-cultural segment but does not undergo any further discussion or analysis. The socio-cultural segment is characterised as 'concerned with society's attitudes and cultural values.' (p.51). It would then appear that if an organisation's external socio-cultural segment does not seem 'concerned about the environment', then sustainable strategies are not worth pursuing.

Hanson, et al.(2002) use the example of Rio Tinto, as an organisation that has achieved success due to their awareness of the criticality of their general external environment. They twice state that Rio Tinto is both 'aware of the need' and 'seek to' 'display social and environmental responsibility.' The authors do

not provide any meaningful discussion of how or why and organisation should be responsible. Apparently 'displaying' sensitivity is sufficient.

Dess, G.G. & Lumpkin, G.T. (2003). Strategic management: Creating competitive advantages (International Edition). McGraw-Hill.

Similarly, Dess and Lumpkin (2003) conceptualise sustainability as a subset of 'concern for the environment' (p.45) which is one of the key trends and events that comprise the socio-cultural segment of the macroenvironment. This would suggest that environmental sustainability is something that has the capacity to lessen in importance or even minimise once public attention is elsewhere. This sentiment is echoed in their discussion of 'social responsibility: moving on from immediate stakeholders.' The authors state that in the 1970s, affirmative action was in vogue and firms responded accordingly. In the 1990s and to the present, 'the public has been concerned about the quality of the environment' with many firms responding by lowering amounts of waste and recycling. The authors then shift their attention to terrorism as the 'new kind of priority.' This suggests that once an issue is no longer favoured by the public, then firms have a reason to divert their attention. Dess and Lumpkin (2003) also explain the notion of the triple bottom line and use BP as an example of environmental reporting, yet do not suggest how this can be integrated into strategy.

The authors' stance towards social responsibility is contradictory. Although they advocate organisations considering the needs of the broader community and acting in a socially responsible manner, the strength of their arguments is diminished through the following statement: 'Despite the inherent value of a commitment to social responsibility, leaders must continue to assess the relative benefits and costs of such initiatives as well as their implications for the other stakeholder individuals and groups. At times such initiatives may become somewhat misguided and inadvertently have an adverse impact on the primary goal of a corporation-creating value for shareholders.' (p. 20). This clearly demonstrates a neo-

classical perspective (Friedman, 1962, 1971) which contradicts their arguments for a stakeholder approach.

Thompson, A.A. & Strickland, A.J. and Gamble (2005). Crafting and executing strategy: The quest for competitive advantage. McGraw-Hill.

Thompson, Strickland and Gamble (2005) see strategy largely in terms of its outcomes which implicitly indicate the nature of choices manager have made to achieve a particular set of actions. Sustainability and the natural environment are considered to be part of social responsibility, therefore was not recognized as specific acknowledgement of environmental sustainability (see Table 1). After ten chapters, Thompson, et al., (2005: 283) introduce ethics and social responsibility to the reader as a question: ‘Does a company have a duty to operate according to the ethical norms of the societies in which it operates—should it be held to some standard of ethical conduct?’ This question does not achieve resolution.

According to Thompson, et al.,(2005: 302), the essence of social responsibility, including ‘actions to protect or enhance the environment’ is ‘that a company should strive to balance the benefits of strategic actions to benefit shareholders against any possible adverse impacts on other stakeholders...’ An example of environmental concern is ‘putting time and money into improving the environment in ways that extend past a company’s own industry boundaries —such as participating in recycling projects, adopting energy conservation practices, and supporting efforts to clean up local water supplies.(p.303)’ Although this is a commendable idea, sustainability is not actively integrated into the strategic process but considered a separate activity.

DISCUSSION

This study reports on the five of a number of strategy textbooks being reviewed as part of an ongoing study. The findings show a surprising lack of concern is evident in many strategy textbooks about the

drivers and impacts of current concerns about sustainability. The use of textbook-based courses in the MBA suggests that even if the teaching of strategy is supplemented by material relevant to sustainability, strategy texts work in ways which suggest to students practices that inherently defer moving towards sustainable practices. Moreover, that the lack of concern about sustainability evident in so many strategy textbooks reviewed above suggests a neglect of the literature that regards strategy as embedded in a socio-political process (Bowen, 2007).

There is a fundamental contradiction between arguing for a dynamic approach to management, as strategy implies, and the mostly cautious and conservative (in the sense of maintaining the status quo) perspectives that are evident in these textbooks. This may reflect a much broader problem which has been raised by Rasche (2007), who suggests that the separation between ‘thinking’ and ‘doing’ in strategic theorising elevates the decision over action. This view underlies the dominant logic of modernity that thinking should precede action and is a view which has been the subject of an ongoing debate in the strategy literature. Rasche’s (2007) argument is that strategic decisions are dynamic and interactive processes which form a situation of ‘double contingency’ where “a decision” cannot be fully known or justified a priori because each interaction concurrently potentializes other decisions. In other words, the language of strategy is fundamentally misleading because of its level of abstraction evokes the belief in a clear decision which is removed from the messy processes of organisational life. Textbooks reflect this tendency to reify what is unclear and potentially only knowable when or after a decision has been made into a simple recipe.

In the context of widespread calls for major systemic changes in order to preserve the world’s biosphere, the role of business is crucial. The need for sustainable business is not simply an option as presented by the strategy texts review in our sample, but an imperative. Our review of leading strategy textbooks reveals a consistent lack of awareness of what is arguably the most salient and critical strategic issue to face the economic system – sustainability. In the context of strategic thinking, there is something odd about strategy textbooks failure to regard environmental sustainability as matters of importance.

From the perspective of sustainability, we can conclude two things about strategy texts. Firstly, the long-term orientation advocated in strategy textbooks is not insinuated in the practices they suggest. Moreover, despite the presentation of different ways of viewing strategy, the dominant mode of thinking tends to the industry level of analysis. This level plays down the social and political contingencies that may help redefine strategic intentions to include sustainable issues. Secondly, the strategy field has been dominated by industrial economic models which are paradigmatically different from ecological economics, largely because the latter shifts the focus from immediate competitive impacts on the firm by suppliers, competitors and potential new entrants to the more systemic and complex impacts of population growth, climate change, resource sustainability, and other social and ecological linkages. The texts we have reviewed are consistent with Milne et al. (2006) theme of business discourse that 'de-emphasises discussion of desirable future states of living, and neatly sidesteps any debate about, or need to radically change course.' In particular, the implicit view that growth through ever-increasing consumption is sustainable must be placed into context of real limits to the earth's biosphere, where a collapse would mean a drastic change in how commerce is carried on in the future. In this regard, strategy textbooks need to examine how address the tensions between individual firm concerns and systems level concerns. This lack of recognition of interconnections between the subsystems and the macro- system reflects a paradigmatic difference between neoclassical economic models and those of ecological economics. If strategy texts cannot meet this transition then perhaps they are coming to the end of their product life-cycle.

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